

97th Congress  
2d Session

SENATE

REPORT  
No. 97-530

TAX EQUITY AND FISCAL RESPONSIBILITY  
ACT OF 1982

CONFERENCE REPORT

TO ACCOMPANY

H.R. 4961



August 17, 1982.—Ordered to be printed

## TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1982

AUGUST 18 (legislative day, AUGUST 17), 1982.—Ordered to be printed

Mr. DOLE, from the committee of conference,  
submitted the following

### CONFERENCE REPORT

[To accompany H.R. 4961]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4961) to make miscellaneous changes in the tax laws, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

## TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1982

AUGUST 17, 1982.—Ordered to be printed

Mr. ROSTENKOWSKI, from the committee of conference,  
submitted the following

### CONFERENCE REPORT

[To accompany H.R. 4961]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4961) to make miscellaneous changes in the tax laws, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

#### SECTION 1. SHORT TITLE; TABLE OF CONTENTS; AMENDMENT OF 1954 CODE.

(a) *SHORT TITLE.*—This Act may be cited as the "Tax Equity and Fiscal Responsibility Act of 1982".

(b) *TABLE OF CONTENTS.*—

*Sec. 1. Short title; table of contents; amendment of 1954 Code.*

#### TITLE I—PROVISIONS RELATING TO SAVINGS IN HEALTH AND INCOME SECURITY PROGRAMS

##### Subtitle A—Medicare

##### PART I—CHANGES IN PAYMENTS FOR SERVICES

##### Subpart A—Amount of Payment for Institutional Services

- Sec. 101. Payment for inpatient hospital services.*
- Sec. 102. Single reimbursement limit for skilled nursing facilities.*
- Sec. 103. Elimination of inpatient routine nursing salary cost differential.*
- Sec. 104. Elimination of duplicate overhead payments for outpatient services.*
- Sec. 105. Single reimbursement limit for home health agencies.*
- Sec. 106. Prohibiting payment for Hill-Burton free care.*
- Sec. 107. Prohibiting payment for anti-unionization activities.*

-Excise Taxes

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Subtitle C—Abusive Tax Shelters, Etc.; Substantial Underpayments; False Documents; Frivolous Returns

PART I—ABUSIVE TAX SHELTERS, ETC.

- Sec. 320. Penalty for promoting abusive tax shelters, etc.
- Sec. 321. Action to enjoin promoters of abusive tax shelters, etc.
- Sec. 322. Procedural rules applicable to penalties under sections 6700, 6701 and 6702.

PART II—SUBSTANTIAL UNDERPAYMENT; FALSE DOCUMENTS; FRIVOLOUS RETURNS; ETC.

- Sec. 323. Penalty for substantial understatement.
- Sec. 324. Penalties for documents understating tax liability.
- Sec. 325. Fraud penalty.
- Sec. 326. Penalty for frivolous returns.
- Sec. 327. Relief from criminal penalty for failure to file estimated tax where taxpayer falls within statutory exceptions.
- Sec. 328. Adjustments to estimated tax provisions.
- Sec. 329. Increases in certain criminal fines.
- Sec. 330. Special rules with respect to certain cash.

Subtitle D—Administrative Summons

- Sec. 331. Special procedures for third-party summons.
- Sec. 332. Duty of third-party recordkeeper.
- Sec. 333. Limitation on use of administrative summons.

Subtitle E—Withholding on Pensions and Other Retirement Income

- Sec. 334. Withholding on pensions annuities, and certain other deferred income.
- Sec. 335. Partial rollovers of IRA distributions permitted.

Subtitle F—Transactions Outside the United States or Involving Foreign Persons

- Sec. 336. Jurisdiction of court and enforcement of summons in case of persons residing outside the United States.
- Sec. 337. Admissibility of evidence maintained in foreign countries.
- Sec. 338. Penalty for failure to furnish information with respect to certain foreign corporations.
- Sec. 339. Information requirements with respect to certain foreign-owned corporations.
- Sec. 340. Returns with respect to foreign personal holding companies.
- Sec. 341. Authority to delay date for filing certain returns relating to foreign corporations and foreign trusts.
- Sec. 342. Withholding of tax on nonresident aliens and foreign corporations.
- Sec. 343. Technical amendment relating to penalty under section 905(c).

Subtitle G—Modification of Interest Provisions

- Sec. 344. Interest compounded daily.
- Sec. 345. Determination of rate of interest to be made semiannually.
- Sec. 346. Restrictions on payment of interest for certain periods.

Subtitle H—Taxpayer Safeguard Amendments

- Sec. 347. Increase in certain exemptions from levy.
- Sec. 348. Required release of lien.
- Sec. 349. Requirement of timely notice of levy.
- Sec. 350. Amount of damages in case of wrongful levy.

Subtitle I—Other Provisions

- Sec. 351. Disallowance of deductions relating to narcotics trafficking.
- Sec. 352. Sense of Congress with respect to providing of additional funds to Internal Revenue Service.
- Sec. 353. Report on forms.
- Sec. 354. Exemption of veterans' organizations.
- Sec. 355. Amendment to Communications Act of 1934.
- Sec. 356. Confidentiality and disclosure of returns and return information.
- Sec. 357. Civil damages against United States for unauthorized disclosures by an employee.
- Sec. 358. Disclosure for use in certain audits by General Accounting Office.

ing of information reports and returns with the returns of tax imposed by chapter 1 of the Internal Revenue Code of 1954.

**SEC. 354. EXEMPTION OF VETERANS' ORGANIZATIONS.**

(a) *IN GENERAL.*—Paragraph (19) of section 501(c) (relating to exemption of veterans' organizations) is amended—

(1) by striking out "war veterans" the first place it appears and inserting in lieu thereof "past or present members of the Armed Forces of the United States", and

(2) by amending subparagraph (B) to read as follows:

"(B) at least 75 percent of the members of which are past or present members of the Armed Forces of the United States and substantially all of the other members of which are individuals who are cadets or are spouses, widows, or widowers of past or present members of the Armed Forces of the United States or of cadets, and".

(b) *ASSOCIATION ORGANIZED BEFORE 1880.*—Subsection (c) of section 501 (relating to exempt organizations) is amended by adding at the end thereof the following new paragraph:

"(23) any association organized before 1880 more than 25 percent of the members of which are present or past members of the Armed Forces and a principal purpose of which is to provide insurance and other benefits to veterans or their dependents."

(c) *EFFECTIVE DATE.*—The amendments made by subsections (a) and (b) shall apply to taxable years beginning after the date of the enactment of this Act.

**SEC. 355. AMENDMENT TO COMMUNICATIONS ACT OF 1934.**

Title III of the Communications Act of 1934 is amended by inserting immediately after section 330 therein the following new section:

**"VERY HIGH FREQUENCY STATIONS**

"SEC. 331. It shall be the policy of the Federal Communications Commission to allocate channels for very high frequency commercial television broadcasting in a manner which ensures that not less than one such channel shall be allocated to each State, if technically feasible. In any case in which licensee of a very high frequency commercial television broadcast station notifies the Commission to the effect that such licensee will agree to the reallocation of its channel to a community within a State in which there is allocated no very high frequency commercial television broadcast channel at the time such notification, the Commission shall, notwithstanding any other provision of law, order such reallocation and issue a license to such licensee for that purpose pursuant to such notification for a term of not to exceed 5 years as provided in section 307(d) of the Communications Act of 1934."

**SEC. 356. CONFIDENTIALITY AND DISCLOSURE OF RETURNS AND RETURN INFORMATION.**

(a) *IN GENERAL.*— Subsection (i) of section 6103 (relating to disclosure to Federal officers or employees for administration of Federal laws not relating to tax administration) is amended by redesignating paragraph (6) as paragraph (7) and by striking out paragraphs (1), (2), (3), (4), and (5) and inserting in lieu thereof the following:

## 19. Reassigning VHF television licenses

### *Present law*

Present law does not contain any provisions on reassigning VHF licenses.

### *House bill*

No provision.

### *Senate amendment*

The Senate amendment adds a new section 331 to Title III of the Communications Act of 1934. New Jersey and Delaware are the only two States that do not have a commercial VHF television station. The amendment affirms the congressional intent that it is in the public interest for every State to have at least one VHF television station. In order to implement that intent, the amendment provides that, upon notice by any licensee in another State that it agrees to the reallocation of its channel to a community in a State in which there is no such channel, the Federal Communications Commission shall order the reallocation and issue a license to the licensee for such purpose.

This provision will remove impediments which currently discourage a licensee in a State which has more than one VHF television station from voluntarily moving to a State which has none. It is the intention of Congress that any current licensee which exercises the option of seeking the transfer of its license to an unserved State under the terms of this section will move its studio and offices, to and operate for the public benefit of the unserved State.

### *Conference agreement*

The conference agreement follows the Senate amendment.